

CITY OF BRUNSWICK, MARYLAND

**FINANCIAL STATEMENTS AND REPORTS
OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

FOR THE YEAR ENDED JUNE 30, 2010



DRAPER & MCGINLEY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS • FINANCIAL CONSULTANTS
FREDERICK, MARYLAND

CITY OF BRUNSWICK, MARYLAND

SUMMARY OF ELECTED AND APPOINTED OFFICIALS JUNE 30, 2010

MAYOR

Carroll A. Jones

CITY COUNCIL

Karin Tome
Mary Bowie
Beth Johnson

Jeremy Biser
Thomas Smith
Walt Stull

CITY ADMINISTRATOR

David B. Dunn

CITY AUDITOR

Draper & McGinley, P.A.

CITY ENGINEER

Chester Engineering

CITY ATTORNEY

Severn, O'Connor & Kresslein P.A.

CHIEF OF POLICE

Milton Frech

CITY OF BRUNSWICK, MARYLAND

FINANCIAL STATEMENTS AND REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

FOR THE YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

Report of Independent Certified Public Accountants	1
Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-wide financial statements	
Statement of Net Assets	10
Statement of Activities	11
Fund financial statements	
Balance Sheet - governmental funds	12
Statement of Revenues, Expenditures and Changes in Fund Balances - governmental funds	13
Reconciliation of Fund Balance to Net Assets of governmental activities	14
Statement of Net Assets - proprietary funds	15
Statement of Revenues, Expenses and Changes in Fund Net Assets - proprietary funds	16
Statement of Cash Flows - proprietary funds	17
Notes to Financial Statements	19
Schedule of Findings and Responses	35
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balance - budget and actual - General Fund	37



Draper & McGinley, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
AND FINANCIAL CONSULTANTS

James A. Draper, CPA
Michael A. McGinley, CPA
Joyce A. Draper, CPA
Catharine V. Fairley, CPA, PFS, CFP
Michele R. Mills, CPA

Frederick: (301) 694-7411
Frederick Fax: (301) 694-0954
Hagerstown: (301) 797-2202
Hagerstown Fax: (301) 797-6437
www.drapermcginleypa.com

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Mayor and Council of the
City of Brunswick, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Brunswick, Maryland, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Brunswick, Maryland's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Brunswick, Maryland, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2010, on our consideration of the City of Brunswick, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 9 and 37 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

November 1, 2010

Drapew & McGinley, P.A.



Draper & McGinley, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
AND FINANCIAL CONSULTANTS

James A. Draper, CPA
Michael A. McGinley, CPA
Joyce A. Draper, CPA
Catharine V. Fairley, CPA, PFS, CFP
Michele R. Mills, CPA

Frederick: (301) 694-7411
Frederick Fax: (301) 694-0954
Hagerstown: (301) 797-2202
Hagerstown Fax: (301) 797-6437
www.drapermcginleypa.com

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Mayor and Council of the
City of Brunswick, Maryland

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Brunswick, Maryland, as of and for the year ended June 30, 2010, which collectively comprise the City of Brunswick, Maryland's basic financial statements and have issued our report thereon dated November 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Brunswick, Maryland's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Brunswick, Maryland's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Brunswick, Maryland's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial

reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting. The significant deficiencies in internal control over financial reporting are identified as Finding 10-1, 10-2 and 10-3. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Brunswick, Maryland's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of Brunswick, Maryland's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the City of Brunswick, Maryland's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Mayor and Council and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

November 1, 2010

Drapw 4 McGinney, PA.

Management's Discussion and Analysis

As management of the City of Brunswick, we offer readers of the City of Brunswick's financial statements this narrative overview and analysis of the financial activities of the City of Brunswick for the fiscal year ended June 30, 2010.

Financial Highlights

- The City's government-wide net assets increased by \$3,114,006 to \$22,614,329 in fiscal year 2010 as compared to an increase of \$939,912 in fiscal year 2009.
- The net assets of the City of Brunswick exceeded its liabilities by \$22,614,329. This total is based on \$15,941,720 in total liabilities deducted from \$38,556,049 in total assets.
- Total FY2010 General Fund final budgeted vs. actual revenues indicates a positive variance of \$36,703. This is primarily due to additional Property Tax revenues received in the amount of \$13,588 and additional Service Charge revenues received in the amount of \$13,067.
- Final budgeted fiscal year 2010 General Fund expenditures relative to actual indicate a positive variance of \$168,579. In FY2009 a positive variance of \$203,491 was also realized. These were due primarily to adopted budget cuts and cuts made by Department Heads during the fiscal years.
- Governmental funds (General, Special Revenue, and Capital Projects Funds) reported combined ending fund balances of \$1,985,128 of which \$1,090,116 is reserved for Capital Projects.
- During FY2010, the City entered into an agreement with Frederick County to use Forest Resource Ordinance funds in the amount of \$41,508 to plant trees throughout the City. These monies were collected by the County and forwarded to the City. This program commenced in FY2010 and will continue during FY2011.
- The Water and Sewer Funds reported operating revenues of \$2,091,115. The total operating expenses of \$3,023,613 include depreciation costs of \$1,255,010. The Enterprise Funds reported an operating loss of \$932,498.
- The Enterprise Funds long-term liabilities were \$3,767,083 at June 30, 2010 compared to \$2,979,485 in FY2009. The increase is due to bonds issued in FY2010 to refund and defease several bonds and finance new Water and Sewer Capital Projects totaling \$676,506.
- The City has recorded \$10,628,887 in deferred revenue in the Water and Sewer Enterprise Funds, up from \$10,434,578 in FY2009. This is primarily due to tap fee credits allocated to Brunswick Crossing. Deferred Revenue arises when monies are received by the government but cannot be realized as revenue.
- Depreciation and amortization expense for the Enterprise Funds is \$1,255,010 for FY2010. This expense is the replacement cost of an asset at the end of its useful life. Industry standard is to set Service Fees to cover these costs to prevent borrowing the cost of the replacement. While the City does not currently calculate depreciation in the water and sewer fees charged to customers, this should be considered in the future.

Grant Highlights

The following is an overview of the City's ongoing grants that were awarded, received, applied for, or active during FY2010.

- Congressional State and Tribal Infrastructure Grant (STAG) - A grant of \$250,000 was awarded for sewer rehabilitation to reduce inflow & infiltration. Project commencement is scheduled for FY2011, utilizing \$196,860 of Sewer Fund reserves for the match.

- FY2009 Homeland Security Law Enforcement Terrorism Prevention Program (LETPP) Grant – The City was awarded \$83,346 for the installation of surveillance cameras at the City’s water and wastewater facilities. The project is expected to commence in FY2011.
- To improve handicap access to City sidewalks, a Community Legacy grant was applied for and received for ADA corner ramps. The project is to commence in FY2011.
- FY2010 Maryland Department of Natural Resources, Waterway Improvement Program Grant – In FY2009, the City received a grant award in the amount of \$99,000 for handicap improvements to the Boat Ramp at the City’s Campground. In FY2010, the City received an additional grant award in the amount of \$50,000, making the total project award \$149,000. This project began in FY2009 and is anticipated to be completed in FY2011.
- FY2008 Program Open Space (POS) Grant - A grant in the amount of \$37,500 was awarded to the City for the installation of playground equipment at the Sport’s Complex. As the scope of this project has encountered obstacles with Maryland Department of the Environment, the monies will be reprogrammed for other improvements to the Complex. It is anticipated that this project will be completed in FY2011.
- FY2004 POS Grant - The City received an award for West End Park development totaling \$110,083. The park development began during FY2009 and was completed in FY2010. Further development is expected with surplus grant monies.
- FY2005 POS Grant - The City received an award for West End Park development totaling \$34,855. The park development began during FY2010 and will be completed in FY2011.
- FY2009 POS Grant - The City received an award for land acquisition costs for West End Park totaling \$100,000.00. The City began incurring costs in FY2009 and the grant was fully expended in FY2010.
- FY2008 POS Grant - The City was awarded \$37,500 to replace fencing and concrete decking at the municipal pool. This project was completed in FY 10.
- FY2009 POS Grant – The City was awarded a grant in the amount of \$28,750 for renovations to the interior of the City Park building. This project commenced in FY2010 and is anticipated to be completed in FY2011.
- FY2010 Community Parks and Playgrounds (CP&P) Grant – The City was awarded \$54,000 to make safety upgrades at multiple park locations. This project was completed in FY2010.
- FY2009 Community Legacy Grant – The City was awarded \$75,000 to replace the retaining wall at Railroad Square Landing. This project commenced in FY 2010 and is anticipated to be completed in FY2011.
- Maryland Energy Administration Grant – The City was awarded a \$30,000 EmPOWER grant for the installation of “Green” appliances and fixtures.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the City of Brunswick’s basic financial statements. The City of Brunswick’s basic financial statements comprise three components: 1) government-wide financial statement, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Brunswick’s finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Brunswick's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Brunswick is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Brunswick that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through use fees and charges (business-type activities). The governmental activities of the City of Brunswick include general government, public safety, highways and streets, sanitation, economic development, and recreation. The business-type activities of the City of Brunswick are water treatment and waste water treatment operations.

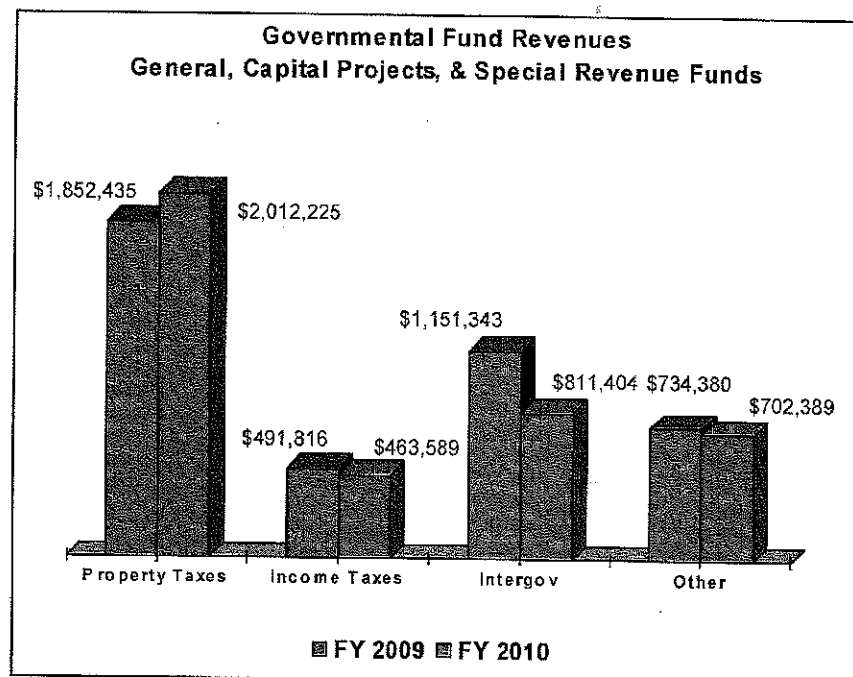
The government-wide financial statements include primary government, which includes governmental (General, Special Revenue and Capital Projects), and business-type (Enterprise) activities.

Total government-wide net assets were \$22,614,329 as of June 30, 2010. This is comprised of \$6,882,509 in Governmental Activities net assets and \$15,731,820 in Business-Type Activities net assets.

As of June 30, 2010, Governmental-Activities debt was \$533,696 and Business-Type Activities debt totaled \$3,767,083.

Fund financial statements

- A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Brunswick, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories; governmental and proprietary funds.



Governmental funds - These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-

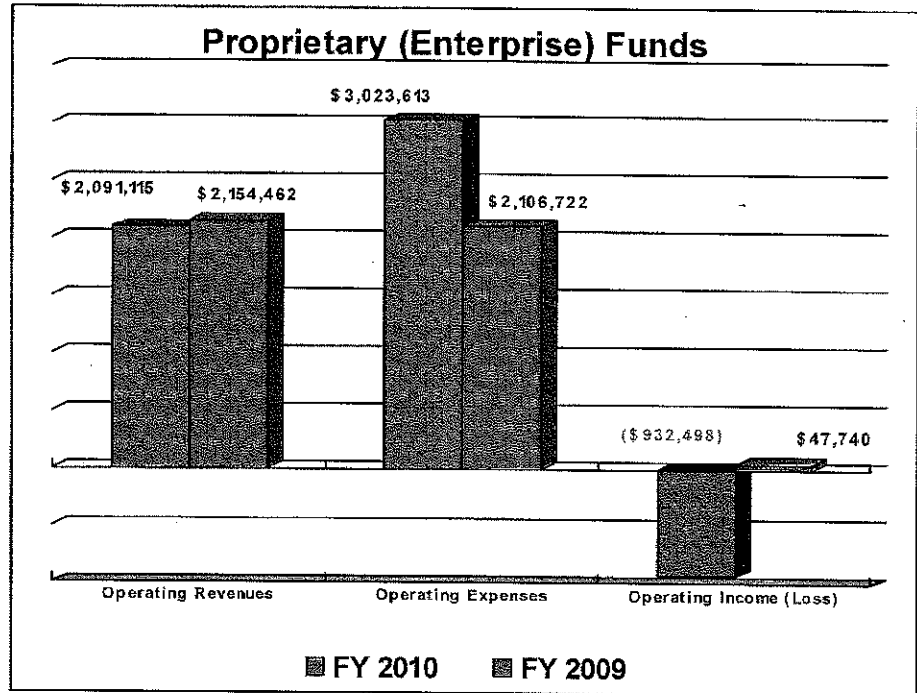
wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Brunswick adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget on pages 36 – 38.

Proprietary funds - The City of Brunswick maintains two different types of proprietary funds. Proprietary, or enterprise, funds are used to report the same functions as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water treatment and wastewater treatment operations.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information, as well as a combined total, for the water treatment and wastewater treatment operations. Both are considered to be major funds of the City of Brunswick. Conversely, both service funds are combined into a single, aggregate presentation in the government-wide financial statements. Individual fund data for the internal funds is provided in the form of combining statements elsewhere in this report.



Propriety Enterprise Funds - Operating Revenue is calculated using charges for services, reimbursements from developers, and miscellaneous revenues. Operating Expense is calculated using actual personnel, operating, and depreciation costs, without consideration of budgeted use of net assets.

The Water Fund has an operating loss of (\$358,229) and the Sewer Fund had an operating loss of (\$592,669). The operating loss is derived by calculating the difference between operating revenues and operating expenses, including depreciation and amortization costs of \$1,255,010.

Projects under construction in FY2010 were primarily funded by the Brunswick Crossing Special Tax District.

Total Enterprise Fund long-term debt as of June 30, 2010 was \$3,767,083, compared to \$2,979,485 as of June 30, 2009. Total principal payments on long-term debt obligations of the Enterprise Funds during FY2010 \$2,334,606, which included the pay-off of existing debt in the amount of \$2,117,224. Total Enterprise Fund interest payments were \$157,214 for FY2010.

Budget Variances

In reviewing the final budgeted amounts to the actual revenues for fiscal year 2010, there were a few minor variances. Local Property Taxes showed additional revenues of \$13,588 as compared to the final budget. Also, recreation charges were \$13,477 more than the final budget. Overall, the City had a positive variance in revenues from the final budget to actual of \$36,703.

The largest variance in the expenses budget to actual was in the Highway and Street category. The actual amount was \$66,408 less than the final budget amount of \$985,621. Overall, the City had a positive variance in expenses from the final budget to actual of \$168,579.

Fiscal Year 2011

- The General Fund is expected to experience a reduction in Property Tax revenues of \$149,420, bringing the total to \$1,862,805. Property assessments revealed a \$.07 Constant Yield deficit or approximately \$300,000 for FY2011. To offset a portion of this shortfall, the City increased its Property Tax by \$.04 to \$.462.
- Income tax revenues are anticipated to remain at the reduced amount of \$420,960.
- Tax Equity revenue received from Frederick County will increase from the FY2010 low of \$420,960 to \$491,888 due to legislation passed by the State Delegation.
- Cable franchise fees are expected to increase by \$8,000 as compared to the original FY2010 budgeted amount due to recently approved modifications to the Franchise Fee Agreement.
- In FY2011, \$474,000 will be transferred from the General Fund to the Capital Projects Fund for projects. This includes \$350,000 in bond proceeds received in FY2010.
- Budgeted capital project construction costs will increase to \$581,170 in FY2011 from \$388,853 in FY2010.
- A restructuring loan will reduce the outlay for debt service through 2015.
- Water and sewer user fees were increased between 5% and 10%, resulting in anticipated additional revenues of \$113,223.

Request for more information:

This financial report is designed to provide a general overview of the City of Brunswick's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City Administrator, One West Potomac Street, Brunswick, Maryland 21716.

CITY OF BRUNSWICK, MARYLAND
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
Assets			
Cash and cash equivalents	\$ 1,613,620	\$ -	\$ 1,613,620
Restricted cash	584,270	725,651	1,309,921
Taxes receivable	2,917	-	2,917
Accounts receivable, net of allowance	67,820	472,028	539,848
Other receivables	-	94,192	94,192
Other assets	19,224	10,324	29,548
Due from other governmental agencies	71,830	18,129	89,959
Capital assets:			
Projects under construction	250,121	643,841	893,962
Capital assets, being depreciated	7,006,709	36,913,209	43,919,918
Less: Accumulated depreciation	(1,743,961)	(8,324,345)	(10,068,306)
Capital assets, net	5,512,869	29,232,705	34,745,574
Bond issuance costs	14,188	116,282	130,470
Total Assets	\$ 7,886,738	\$ 30,669,311	\$ 38,556,049
Liabilities and Net Assets			
Liabilities			
Accounts payable	\$ 64,347	217,942	\$ 282,289
Overdraft	-	181,084	181,084
Interest payable	-	20,627	20,627
Accrued liabilities	34,851	-	34,851
Compensated absences	95,980	47,104	143,084
Escrow deposits	186,955	74,764	261,719
Other liabilities	41,756	-	41,756
Deferred revenue			
Other	3,774	41,617	45,391
Grant funds - loans	42,870	-	42,870
Developers	-	10,587,270	10,587,270
Bond and loans payable:			
Due within one year	36,879	122,012	158,891
Due in more than one year	496,817	3,645,071	4,141,888
Total Liabilities	1,004,229	14,937,491	15,941,720
Net assets			
Invested in capital assets, net of related debt	5,329,312	25,465,622	30,794,934
Unrestricted	1,553,197	(9,733,802)	(8,180,605)
Total Net Assets	\$ 6,882,509	\$ 15,731,820	\$ 22,614,329

The accompanying notes are an integral part of this statement.

CITY OF BRUNSWICK, MARYLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets		
						Governmental Activities	Business-type Activities	Total
	Primary government							
	Governmental activities							
	General government	\$ (913,705)	\$ 109,013	\$ 61,116	\$ 2,209,129	\$ 1,465,553	\$ -	\$ 1,465,553
	Public safety	(838,897)	-	32,895	-	(806,002)	-	(806,002)
	Public works	(1,319,681)	205,344	32,926	-	(1,081,411)	-	(1,081,411)
	Recreation and culture	(411,374)	125,584	15,715	197,451	(72,624)	-	(72,624)
	Economic development	(20,930)	-	17,500	-	(3,430)	-	(3,430)
	Interest expense	(19,657)	-	-	-	(19,657)	-	(19,657)
	Total governmental activities	(3,524,244)	439,941	160,152	2,406,580	(517,571)	-	(517,571)
	Business-type activities							
	Water services	(1,460,899)	1,031,209	-	686,638	-	256,948	256,948
	Sewer services	(1,719,928)	1,020,845	-	890,935	-	191,852	191,852
	Total primary government	(6,705,071)	2,491,995	160,152	3,984,153	(517,571)	448,800	(68,771)
	General Revenues							
	Taxes							
	Property taxes, levied for general purposes					2,012,225	-	2,012,225
	Income taxes					463,589	-	463,589
	Other local taxes					33,707	-	33,707
	County tax equity					429,312	-	429,312
	Income on investments					12,726	258	12,984
	Administrative fees					425	10,000	10,425
	Miscellaneous income					199,874	20,661	220,535
	Total general revenues					3,151,858	30,919	3,182,777
	Change in net assets					2,634,287	479,719	3,114,006
	Net assets - beginning of year					4,248,222	15,252,101	19,500,323
	Net assets - end of year					\$ 6,882,509	\$ 15,731,820	\$ 22,614,329

The accompanying notes are an integral part of this statement.

CITY OF BRUNSWICK, MARYLAND

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2010

	Governmental Fund Types			Total Governmental Funds
	General	Capital Projects	Special Revenue (non-major fund)	
Assets				
Cash and cash equivalents	\$ 1,570,750	\$ -	\$ 42,870	\$ 1,613,620
Restricted cash	230,861	353,409	-	584,270
Receivables				
Taxes	2,917	-	-	2,917
Customers	67,820	-	-	67,820
Other governments	69,751	2,079	-	71,830
Other	-	-	-	-
Prepaid expenses	-	19,224	-	19,224
Due from other funds	-	716,527	-	716,527
Total Assets	\$ 1,942,099	\$1,091,239	\$ 42,870	\$ 3,076,208
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 64,347	\$ -	\$ -	\$ 64,347
Accrued liabilities	34,851	-	-	34,851
Deferred revenue				
Grant funds - loans	-	-	42,870	42,870
Other deferred revenue	2,651	1,123	-	3,774
Escrow deposits	186,955	-	-	186,955
Other liabilities	41,756	-	-	41,756
Due to other funds	716,527	-	-	716,527
Total Liabilities	1,047,087	1,123	42,870	1,091,080
Fund Balances:				
Reserved for:				
Capital projects	-	1,090,116	-	1,090,116
Unreserved	895,012	-	-	895,012
Total Fund Balances	895,012	1,090,116	-	1,985,128
Total Liabilities and Fund Balances	\$ 1,942,099	\$1,091,239	\$ 42,870	\$ 3,076,208

The accompanying notes are an integral part of this statement.

CITY OF BRUNSWICK, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	General	Capital Projects	Special Revenue (non-major fund)	Total Governmental Funds
Revenues				
Local property taxes	\$2,012,225	\$ -	\$ -	\$ 2,012,225
Local income taxes	463,589	-	-	463,589
Other local taxes	33,707	-	-	33,707
Licenses and permits	76,492	-	-	76,492
Intergovernmental revenues	556,249	237,655	17,500	811,404
Service charges	357,424	-	-	357,424
Fines and forfeitures	6,025	-	-	6,025
Miscellaneous	220,662	8,079	-	228,741
Total Revenues	3,726,373	245,734	17,500	3,989,607
Expenditures				
General government	864,522	-	-	864,522
Public safety	808,121	-	-	808,121
Public works	1,240,356	65,542	-	1,305,898
Recreation and culture	270,887	260,330	-	531,217
Economic development	3,430	-	17,500	20,930
Debt service	74,471	-	-	74,471
Miscellaneous	26,345	-	-	26,345
Total Expenditures	3,288,132	325,872	17,500	3,631,504
Excess (Deficiency) of				
Revenues over Expenditures	438,241	(80,138)	-	358,103
Other Financing Sources (Uses)				
Loan proceeds	364,381	-	-	364,381
Operating transfers	(597,338)	597,338	-	-
Total Other Financing Sources (Uses)	(232,957)	597,338	-	364,381
Excess of Revenues and Other Financing Sources				
over Expenditures and Other Uses	205,284	517,200	-	722,484
Fund Balance July 1, 2009	689,728	572,916	-	-
Fund Balance June 30, 2010	\$ 895,012	\$1,090,116	\$ -	
Adjustments for the Statement of Activities				
Debt service expenditures				54,813
Loan proceeds				(364,381)
Depreciation expense				(249,424)
Capital outlay				297,208
Donated assets				2,168,925
Bond issuance costs				14,188
Compensated absences				(9,526)
Change in Net Assets of Governmental Activities				\$ 2,634,287

The accompanying notes are an integral part of this statement.

CITY OF BRUNSWICK, MARYLAND

RECONCILIATION OF FUND BALANCE TO NET ASSETS OF GOVERNMENTAL ACTIVITIES JUNE 30, 2010

Fund balances - governmental funds \$ 1,985,128

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, therefore are not reported in the funds

Property and equipment, net 5,512,869

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:

Unamortized bond costs 14,188

Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds

Long-term debt (533,696)
Compensated absences (95,980)

Net assets - governmental activities \$ 6,882,509

The accompanying notes are an integral part of this statement.

CITY OF BRUNSWICK, MARYLAND
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Restricted cash	172,036	553,615	725,651
Accounts receivable - customers	253,017	219,011	472,028
Other receivables	64,487	29,705	94,192
Other assets	10,324	-	10,324
Due from other governmental agencies	-	18,129	18,129
Total Current Assets	499,864	820,460	1,320,324
Non-current Assets			
Projects under construction	439,890	203,951	643,841
Capital assets	12,198,520	24,714,689	36,913,209
Accumulated depreciation	(3,539,410)	(4,784,935)	(8,324,345)
Capital assets, net	9,099,000	20,133,705	29,232,705
Bond issuance costs, net	55,599	60,683	116,282
Total Non-current Assets	9,154,599	20,194,388	29,348,987
Total Assets	<u>\$ 9,654,463</u>	<u>\$ 21,014,848</u>	<u>\$ 30,669,311</u>
Liabilities and Net Assets			
Current Liabilities			
Current portion of bonds and loans payable	\$ 87,454	\$ 34,558	\$ 122,012
Overdraft	89,485	91,599	181,084
Accounts payable	174,428	43,514	217,942
Interest payable	10,385	10,242	20,627
Compensated absences	19,497	27,607	47,104
Escrow deposits	31,981	42,783	74,764
Deferred revenue	21,163	20,454	41,617
Total Current Liabilities	434,393	270,757	705,150
Non-current Liabilities			
Internal balances	1,214,243	(1,214,243)	-
Deferred revenue - developers	4,690,161	5,897,109	10,587,270
Bonds and loans payable	1,728,041	1,917,030	3,645,071
Total Non-current Liabilities	7,632,445	6,599,896	14,232,341
Total Liabilities	<u>8,066,838</u>	<u>6,870,653</u>	<u>14,937,491</u>
Net Assets			
Invested in capital assets, net of related debt	7,283,505	18,182,117	25,465,622
Unrestricted	(5,695,880)	(4,037,922)	(9,733,802)
Total Net Assets	<u>\$ 1,587,625</u>	<u>\$ 14,144,195</u>	<u>\$ 15,731,820</u>

The accompanying notes are an integral part of this statement.

CITY OF BRUNSWICK, MARYLAND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities - Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$1,028,961	\$ 954,508	\$ 1,983,469
Reimbursements from developers	2,248	66,337	68,585
Administrative fees	5,000	5,000	10,000
Miscellaneous	11,317	17,744	29,061
Total Operating Revenues	1,047,526	1,043,589	2,091,115
Operating Expenses			
Personnel services	490,906	418,375	909,281
Operating	457,845	401,477	859,322
Depreciation and amortization	452,004	803,006	1,255,010
Total Operating Expenses	1,400,755	1,622,858	3,023,613
Operating Loss	(353,229)	(579,269)	(932,498)
Non-operating Revenues (Expenses)			
Interest on invested funds	55	203	258
Interest expense	(60,144)	(97,070)	(157,214)
Total Non-operating Expenses	(60,089)	(96,867)	(156,956)
Net loss before capital contributions	(413,318)	(676,136)	(1,089,454)
Capital contributions	686,638	882,535	1,569,173
Change in net assets	273,320	206,399	479,719
Total Net Assets, beginning of year	1,314,305	13,937,796	15,252,101
Total Net Assets, end of year	<u>\$1,587,625</u>	<u>\$14,144,195</u>	<u>\$ 15,731,820</u>

The accompanying notes are an integral part of this statement.

CITY OF BRUNSWICK, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from customers and users	\$ 963,957	\$ 784,567	\$ 1,748,524
Cash received from other governments	-	94,943	94,943
Cash received from developers	7,686	12,954	20,640
Other cash receipts	-	1,245	1,245
Cash payments to suppliers	(570,703)	(648,320)	(1,219,023)
Cash payments to employees for services	(471,266)	(405,906)	(877,172)
Net cash used in operating activities	<u>(70,326)</u>	<u>(160,517)</u>	<u>(230,843)</u>
Cash flows from capital and related financing activities			
Purchase of capital assets	(127,666)	(107,367)	(235,033)
Acquisition and construction of capital assets - current year	(31,566)	(16,756)	(48,322)
Cash received from special tax district	358,479	265,156	623,635
Cash payments from special tax district	(205,619)	(41,181)	(246,800)
Loan proceeds	1,534,995	1,587,211	3,122,206
Bond issuance costs	(53,056)	(61,167)	(114,223)
Principal paid on capital debt	(1,224,593)	(1,110,012)	(2,334,605)
Interest paid on capital debt	(57,387)	(101,031)	(158,418)
Net cash provided by capital and related financing activities	<u>193,587</u>	<u>414,853</u>	<u>608,440</u>
Cash flows from investing activities			
Investment income	<u>55</u>	<u>203</u>	<u>258</u>
Net cash provided by investing activities	<u>55</u>	<u>203</u>	<u>258</u>
Net increase in cash and cash equivalents	123,316	254,539	377,855
Cash and cash equivalents, beginning of year	(40,765)	207,477	166,712
Cash and cash equivalents, end of year	<u>\$ 82,551</u>	<u>\$ 462,016</u>	<u>\$ 544,567</u>

The accompanying notes are an integral part of this statement.

CITY OF BRUNSWICK, MARYLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating loss	\$(353,229)	\$ (579,269)	\$ (932,499)
Adjustments to reconcile operating loss to net cash used in operating activities			
Depreciation and amortization	452,004	803,006	1,255,010
Loss on disposition of capital assets	44,345	4,814	49,159
Developer connection fees and other	(42,099)	(120,066)	(162,165)
Net change in operating assets and liabilities			
Accounts receivable - customers	(11,547)	(4,950)	(16,497)
Accounts receivable - other governments	-	5,128	5,128
Accounts receivable - developers	-	2,085	2,085
Accounts receivable - other	(405)	(500)	(905)
Other assets	(3,548)	-	(3,548)
Accounts payable	(153,655)	(251,658)	(405,313)
Compensated absences	8,323	4,370	12,693
Escrow deposits	2,107	259	2,366
Deferred revenue - developer	(12,622)	(23,736)	(36,358)
Net cash used in operating activities	<u>\$ (70,326)</u>	<u>\$ (160,517)</u>	<u>\$ (230,843)</u>

The accompanying notes are an integral part of this statement.

CITY OF BRUNSWICK, MARYLAND

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The financial statements of the City of Brunswick, Maryland, (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Governmental Accounting Standards Board Codification Section 2100 have been considered and there are no agencies or entities which should be presented with the City.

The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The City follows GASB Statement No. 20 in applying GASB guidance to its proprietary activities and Financial Accounting Standards Board statements and interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Government-wide and Fund financial statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The statement of net assets and the statement of activities report information about the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

CITY OF BRUNSWICK, MARYLAND

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and managerial requirements. The following is a brief description of the specific funds used by the City in fiscal year 2010:

Governmental Fund Types

General Fund -- This Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund accounts for the normal recurring activities of the City, (i.e., police, recreation, public works, general government, etc.). These activities are funded principally by property and income taxes on individuals and businesses, and grants from other governmental units.

Special Revenue Fund -- This fund accounts for the disposition of Federal Housing and Urban Development grant monies.

Capital Projects Fund -- This fund accounts for the purchase, construction or renovation of major general fixed assets over an extended period of time (other than those financed by the Proprietary Funds). While capital outlay accounts are used in each function reported in the General Fund, longer-term projects, those with mixed funding or projects of a large amount or spanning several fiscal years, are accounted for in this fund.

Proprietary Fund Types

Enterprise Funds -- Water and sewer services are accounted for in Enterprise Funds. The primary measurement focus is upon the determination of net income, financial position and cash flow. The generally accepted accounting principles are similar to those used in the private business sector.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental fund.

CITY OF BRUNSWICK, MARYLAND

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets are reported as restricted when constraints placed on net asset use are externally imposed by grantors or contributors. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when cash is received and when amounts to be received are both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues as available if they are collected within 60 days after year-end.

Expenditures generally are recorded when the related liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Business type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash, Cash Equivalents and Investments

For purposes of the statement of cash flows, the City considers cash on hand, demand deposits and all highly liquid investments and debt instruments with maturities of three months or less from the date of acquisition to be cash and cash equivalents. Generally, cash resources of the individual funds are combined to form a pool of cash and investments; investments consist primarily of certificates of deposit, Maryland Local Government Investment Pool (MLGIP) and an investment checking account (BB&T Money Rate Savers). Investments are carried at market value in all funds. Investment income earned as a result of pooling is distributed to the appropriate funds based on the ending balance of cash and investments of each fund.

CITY OF BRUNSWICK, MARYLAND

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year-end are recorded as prepaid items. Prepaid items are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The capitalization threshold for infrastructure has been established at \$10,000. Capital assets purchased or acquired are recorded at cost or, if donated, at the estimated fair market value upon receipt. Depreciation of property and equipment is computed on the straight-line method for financial reporting purposes. Depreciation is provided for over the estimated useful lives of the assets.

Buildings	20 - 50 years
Improvements	10 - 50 years
Software	3 - 5 years
Vehicles	3 - 5 years
Machinery and equipment	3 - 10 years

Budgets and Budgetary Accounting

The budget document is a comprehensive financial plan showing all revenues and expenditures expected for the General Fund, Capital Projects Fund, Special Revenue Fund and the Proprietary Funds of the City. Budgets are adopted on an annual cycle for all funds, except the capital projects fund, which adopts a project-length budget on an annual basis.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. City officials request all departments to submit their proposed operating budgets for the fiscal year commencing the following July 1.
2. All budget requests are compiled by the Finance Committee, and after making departmental reviews of the requests, a recommended budget is presented to the Mayor and Council.
3. Public hearings are required by law to be scheduled by City officials with approval of the Mayor and Council.

CITY OF BRUNSWICK, MARYLAND

NOTES TO FINANCIAL STATEMENTS

(I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Prior to the commencement of the fiscal year, the property tax rate is set and the budget is adopted.
5. Appropriations lapse at the end of the fiscal year (except in the Capital Projects Fund).
6. During the year, the Mayor and Council may amend the budget at a regularly scheduled public meeting.

Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory, and sick pay benefits. Employees are entitled to receive payment for all unused vacation and compensatory hours upon termination. An employee is entitled to receive payment for all unused vacation hours upon termination only if he/she resigns. Terminated employees are not paid out accrued vacation leave. Accumulated vacation and compensatory hours are accrued when incurred in the government-wide and proprietary fund financial statements.

Fund Balance

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

CITY OF BRUNSWICK, MARYLAND

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Estimates

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

(2) CASH, INVESTMENTS, AND EQUITY IN POOLED INVESTED CASH

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risk for investments exists when, in the event of the failure of the counterparty to a transaction, a government may be unable to recover the value of investment or collateral securities that are in the possession of an outside party. At year-end, the City's carrying amount of deposits was \$2,279,377, the bank balance was \$2,334,658 and cash on hand was \$620. The balances were fully covered by the Federal Deposit Insurance Corporation and collateral held by the pledging financial institution's trust department in the City's name.

Investments held by the City are stated at fair value. Investments at June 30, 2010, include certificates of deposit. The carrying amount was \$330,662 and the bank balances were \$330,205. This amount was covered by collateral held in the pledging bank's trust department or its agent. Also, the City had \$131,798 invested in the Maryland Local Government Investment Pool (MLGIP) which was fully collateralized at June 30, 2010.

CITY OF BRUNSWICK, MARYLAND
NOTES TO FINANCIAL STATEMENTS

(2) CASH, INVESTMENTS, AND EQUITY IN POOLED INVESTED CASH (CONTINUED)

The City's cash and investments as of June 30, 2010, as presented in the Statement of Net Assets reconciled to the City's deposits and investments, are as follows:

	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 1,613,620	\$ (181,084)	\$ 1,432,536
Restricted cash	584,270	725,651	1,309,921
	<u>\$ 2,197,890</u>	<u>\$ 544,567</u>	<u>\$ 2,742,457</u>

	Governmental Activities	Business-Type Activities	Total
Cash on hand	\$ 620	\$ -	\$ 620
Deposits in banks	1,734,810	544,567	2,279,377
Certificates of deposit	330,662	-	330,662
Investment Pools (MLGIP)	131,798	-	131,798
	<u>\$ 2,197,890</u>	<u>\$ 544,567</u>	<u>\$ 2,742,457</u>

At June 30, 2010, the City had the following investments:

Investment Type (All funds)	Fair Value	Investment Maturities		% of Portfolio
		< 1 Year	1-5 Years	
Certificates of deposit	\$ 330,662	\$ 327,369	\$ 3,293	71.50%
Investment Pools (MLGIP)	131,798	131,798	-	28.50%
	<u>\$ 462,460</u>	<u>\$ 459,167</u>	<u>\$ 3,293</u>	<u>100.00%</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy is not explicit as to how interest rate risk is managed. The interest rate in the MLGIP fluctuates throughout the year. The applicable interest rate at June 30, 2010 was 0.21% for the MLGIP and between 0.75% and 2.11% for the certificates of deposit.

CITY OF BRUNSWICK, MARYLAND

NOTES TO FINANCIAL STATEMENTS

(2) CASH, INVESTMENTS, AND EQUITY IN POOLED INVESTED CASH (CONTINUED)

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation. The City shall invest only in the following types of securities, which are authorized by the State:

- Obligations of the U.S. governmental agencies
- Fully insured or collateralized certificate of deposits
- Repurchase agreements and reverse repurchase agreements not to exceed 360 days to stated maturity
- Bankers acceptances with the highest quality letter and numerical rating
- Municipal securities with the highest quality letter and numerical rating
- Money market mutual funds containing securities of the U.S. governmental agencies
- Local Government Investment Pool administered by the State Treasurer.

The City's investment policy states that collateralization is required on bank accounts, certificates of deposit and repurchase agreements at 102% of the market value of principal and accrued interest for balances not covered by FDIC Insurance.

The City's investments have received the following ratings by Standard & Poor's: Maryland Local Government Investment Pool (MLGIP) rated AAAm. There are no ratings on the certificates of deposit.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer, not applicable to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools or other pooled investments. More than 12% of the City's portfolio is invested in debt instruments (certificates of deposit).

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. The City does not maintain cash or investments of foreign currency, thus there are no associated risks.

CITY OF BRUNSWICK, MARYLAND

NOTES TO FINANCIAL STATEMENTS

(3) DEFERRED REVENUE

Deferred revenue arises in governmental funds when revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises, in both governmental and proprietary funds, when resources are received by the government before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. Deferred revenue in the governmental funds amounted to \$46,644 at June 30, 2010, which did not meet the criteria. Deferred revenue in the proprietary funds amounted to \$10,628,887 due to the government not having a legal claim to them.

(4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

Governmental Activities	Balance July 1, 2009	Additions	Disposals	Transfers	Balance June 30, 2010
Capital assets, not being depreciated					
Land and land improvements	\$ 34,634	\$ -	\$ -	\$ 114,513	\$ 149,147
Construction in progress	283,300	2,422,325	-	(2,455,504)	250,121
Total capital assets not being depreciated	317,934	2,422,325	-	(2,340,991)	399,268
Capital assets, being depreciated					
Infrastructure	1,077,388	-	-	-	1,077,388
Buildings	1,299,688	-	-	-	1,299,688
Improvements	907,903	-	-	2,340,991	3,248,894
Software	26,720	-	-	-	26,720
Vehicles	618,342	22,915	(17,855)	-	623,402
Machinery and equipment	567,407	20,893	(6,830)	-	581,470
Total capital assets being depreciated	4,497,448	43,808	(24,685)	2,340,991	6,857,562
Total accumulated depreciation	1,519,222	249,424	(24,685)	-	1,743,961
Total capital assets being depreciated, net	2,978,226	(205,616)	-	2,340,991	5,113,601
Governmental Activities capital assets, net	\$ 3,296,160	\$ 2,216,709	\$ -	\$ -	\$ 5,512,869

Depreciation expense was charged to functions/programs as follows:

Governmental activities

General government	\$ 99,994
Public works	57,712
Public safety	22,549
Parks and recreation	69,169
Total depreciation expense – Governmental activities	\$ 249,424

CITY OF BRUNSWICK, MARYLAND

NOTES TO FINANCIAL STATEMENTS

(4) CAPITAL ASSETS (CONTINUED)

<u>Business-type Activities</u>	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions/</u> <u>Transfers</u>	<u>Disposals/</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2010</u>
Capital assets, not being depreciated				
Land and land improvements	\$ 28,068	\$ -	\$ -	\$ 28,068
Construction in progress	22,007,648	1,846,813	(23,210,621)	643,841
Total capital assets, not being depreciated	22,035,716	1,846,813	(23,210,621)	671,909
Capital assets, being depreciated				
Buildings and improvements	9,056,048	-	-	9,056,048
Infrastructure	3,374,131	23,267,414	(140,800)	26,500,745
Machinery and equipment	1,087,011	228,114	(61,578)	1,253,547
Vehicles	124,773	-	(49,971)	74,802
Total capital assets being depreciated	13,641,963	23,495,528	(252,349)	36,885,141
Total accumulated depreciation	7,327,293	1,200,242	(203,190)	8,324,345
Total capital assets being depreciated, net	6,314,670	22,295,286	(49,159)	28,560,796
Business-type Activities capital assets, net	\$ 28,350,386	\$ 24,142,099	\$ (23,259,780)	\$ 29,232,705

Depreciation expense was charged to functions/programs as follows:

Business-Type activities

Water	\$ 397,720
Sewer	802,522
Total depreciation expense – Business-Type activities	<u>\$ 1,200,242</u>

(5) LONG-TERM DEBT

Debt outstanding at June 30, 2010 is as follows:

<u>Governmental Activities Debt</u>	<u>Rate</u>	<u>Amount</u>
Maryland Department of the Environment; Due 2019; Annual principal and interest payments of approximately \$15,000	1.10%	\$ 123,771
Series 2010A Infrastructure Project and Refunding Bond; Due 2030; Annual principal and interest payments fluctuate throughout the life of the bond	4.28%	364,382
2009 BB&T Vehicle Lease; Due 2012; Annual principal and interest payments of approximately \$24,000	3.47%	45,543
Total Governmental Activities Debt		<u>\$ 533,696</u>

CITY OF BRUNSWICK, MARYLAND
NOTES TO FINANCIAL STATEMENTS

(5) LONG-TERM DEBT (CONTINUED)

Enterprise Debt	Rate	Amount
Community Development Administration Infrastructure Financing Bonds 1997 Series A; Due 2012; Annual principal and interest payments of approximately \$76,000	5.35%	\$ 140,610
Water Quality Bond Series 2004 payable to the Maryland Water Quality Financing Administration; Due 2024; Annual principal and interest payments of approximately \$27,000	0.40%	372,940
Reservoir Bond payable to the Maryland Water Quality Financing Administration; Due 2013; Annual principal and interest payments of approximately \$25,000	1.10%	320,773
BB&T 2009 Vehicle Loan; Due 2012; Annual principal and interest payments of approximately \$9,000	3.47%	17,508
2010 Tax-Exempt Bond payable to PNC Bank; Due 2030; Annual principal and interest payments fluctuate throughout the life of the bonds	4.28%	2,500,252
2010 Taxable Bond payable to PNC Bank; Due 2020; Annual principal and interest payments fluctuate throughout the life of the bonds	6.25%	415,000
Total Enterprise Fund Debt		<u>\$ 3,767,083</u>

Debt service payment requirements are as follows:

	Enterprise		General Government	
	Principal	Interest	Principal	Interest
2011	\$ 122,012	\$ 149,525	\$ 36,879	\$ 19,264
2012	127,163	144,700	37,816	18,328
2013	66,007	139,665	14,817	17,363
2014	103,767	138,092	20,436	17,200
2015	105,692	134,916	20,834	16,802
2016-2020	1,181,941	568,452	135,471	72,960
2021-2025	1,041,285	340,946	119,779	47,354
2026-2030	1,019,216	134,725	147,664	19,466

CITY OF BRUNSWICK, MARYLAND
NOTES TO FINANCIAL STATEMENTS

(5) LONG-TERM DEBT (CONTINUED)

Interest expense

For the year ended June 30, 2010, total interest payments were \$176,871 and reported as follows: interest expense of \$19,657 for governmental activities and \$157,214 for business-type activities.

Changes in Long-Term Liabilities

During the year ended June 30, 2010 the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Bonds payable	\$ 138,110	\$ 364,381	\$ 14,338	\$ 488,153
Loans payable	86,018	-	40,475	45,543
Governmental activities - Long-term liabilities	<u>\$ 224,128</u>	<u>\$ 364,381</u>	<u>\$ 54,813</u>	<u>\$ 533,696</u>
Business-type activities:				
Bonds payable	\$ 2,953,660	\$ 3,122,205	\$ 2,326,289	\$ 3,749,575
Loans payable	25,825	-	8,317	17,508
Business-type activities - Long-term liabilities	<u>\$ 2,979,485</u>	<u>\$ 3,122,205</u>	<u>\$ 2,334,606</u>	<u>\$ 3,767,083</u>

During fiscal year 2007, the City issued \$36,310,000 in Special Obligation Bonds for the Brunswick Crossing Special Tax District. The bonds are not a liability to the City nor are they backed by the full faith and credit of the City. The City by Ordinance created a special tax district whereby a special tax will be levied by the City on real property located within the Special Tax District. The special taxes are expected to be levied in subsequent years.

During fiscal year 2009, the City issued \$1,153,453 of infrastructure refunding bonds with an interest rate of 3.78%. These refunding bonds were issued to advance refund and defease the Water System Bond of 1993. The refunding resulted in an economic gain of \$108,786 with a total savings of \$176,478.

CITY OF BRUNSWICK, MARYLAND

NOTES TO FINANCIAL STATEMENTS

(5) LONG-TERM DEBT (CONTINUED)

During fiscal year 2010, the City issued \$2,864,634 of tax-exempt infrastructure refunding and new CIP Project bonds with an interest rate of 4.275%. These refunding bonds were issued to advance refund and defease the Wastewater System Bond of 1998 and the Water System Bond of 2008 as well as to fund new CIP Projects. The City also issued \$415,000 of taxable infrastructure refunding bonds with an interest rate of 6.25%. These refunding bonds were issued to advance refund and defease the Wastewater System Bond of 1996. The total refundings resulted in an economic gain of \$179,615 with a total savings of \$600,662.

(6) COMMITMENTS AND CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although it is believed by management that such disallowances will be immaterial.

(7) EMPLOYEE BENEFITS

All permanent employees of the City that work more than 500 hours per fiscal year are provided retirement benefits through the Employee Pension System of the State of Maryland ("Pension System"). During fiscal year 1980, the State changed from the Retirement System to the Pension System for new employees. Employees hired before December 31, 1979 had the option of remaining in the Retirement System or joining the Pension System on July 1st of each year. There were no employees that opted for the Retirement System and, therefore, only the Pension System is used.

The Pension System is a defined-benefit plan and multiple employer system. The plan involves state-wide participation of employees from numerous other state and local governmental units. The system is administered by the Maryland State Retirement Agency pursuant to the Annotated Code of Maryland.

Under the Pension System, members may retire after 30 years of service or the attainment of age 62 with five years of service, age 63 with four years of service, age 64 with three years of service or age 65 or over with two years of service. Effective November 1999, the City began participation in the State of Maryland's Contributory Pension System, an amendment of the Pension System. Effective July 2006, the City began participation in the State of Maryland's Alternate Contributory Pension Plan. The employees are required to contribute 5% of their base salaries. The revised plan also receives an employer contribution from the City. All current and future permanent employees will participate in this plan. The total contributions from the employees for the fiscal year ended June 30, 2010 were \$96,446. The benefit formula changed as a result of the revisions to provide benefits based on service before and after June 30, 1998.

CITY OF BRUNSWICK, MARYLAND

NOTES TO FINANCIAL STATEMENTS

(7) EMPLOYEE BENEFITS (CONTINUED)

The City is required to contribute all amounts necessary for the Pension System. The City's contribution requirement for the year ended June 30, 2010 was \$139,340. The City received a credit of \$50,209, which was used to offset the required contribution; the total payment made was \$89,131.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among Systems and employers.

Ten-year historical trend information showing the Systems' progress in accumulating sufficient assets to pay benefits when due is presented in the Maryland State Retirement and Pension Systems' June 30, 2010 Comprehensive Annual Report, the latest report available. The Maryland State Retirement and Pension Systems issue a comprehensive annual financial report. The report can be obtained from the agency's offices at:

Maryland State Retirement and Pension Systems
120 East Baltimore Street
Baltimore, Maryland 21202

(8) GRANTS FROM GOVERNMENTAL UNITS

Federal and state governmental units represent an important source of supplementary funding used to finance construction, maintenance, employment programs, and other activities beneficial to the community. The grants received by the City specify the purpose for which the grant funds are to be used, and such grants are subject to audit by the granting agency or its representative. For the year ended June 30, 2010, the City's federal grant expenditures did not exceed \$500,000; therefore, they are not subject to the Single Audit Act.

(9) PROPERTY TAXES

The City's property taxes are levied each July 1 at rates enacted by the Mayor and Council on the total assessed value as determined by the Maryland State Department of Assessments and Taxation.

Property taxes become delinquent on October 1. Interest accrues at 1% monthly for delinquent property taxes. Tax liens on real property are sold at public auction the second Monday in May on taxes delinquent since October 1 of the current fiscal year. Total assessed value on which levies were made for the year ended June 30, 2010 was \$475,538,599. The property tax rate was \$.422 per \$100 of assessed value.

CITY OF BRUNSWICK, MARYLAND

NOTES TO FINANCIAL STATEMENTS

(10) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's general liability risks are financed through the City's participation in the Local Government Insurance Trust (LGIT). The City pays an annual premium to LGIT for its general insurance coverage. The City has coverage of \$1,000,000 for each occurrence under commercial general liability and automobile liability. The annual aggregate limit is \$2,000,000 under the commercial policy and is the most the Trust will pay under the City's agreement. In addition, the City carries property insurance limited to \$26,343,408. The City continues to carry commercial insurance for employee health, accident insurance and workers compensation. Settled claims resulting from these risks have not exceeded insurance coverage, and no significant reductions in insurance coverage have occurred in any of the past three fiscal years.

(11) PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued a pronouncement that has an effective date in the future that may impact future financial presentation.

Management has not currently determined what, if any, effect implementation of the following statements may have on the financial statements of the Town:

- GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Statement will become effective for the City in fiscal year 2011. Management has not yet determined the effect of this Statement on the financial statements.

CITY OF BRUNSWICK, MARYLAND

NOTES TO FINANCIAL STATEMENTS

(12) SEGMENT INFORMATION – ENTERPRISE FUNDS

The City maintains two enterprise funds which provide a variety of public services. Selected financial information for business segments of enterprise funds for the year ended June 30, 2010 is presented as follows:

	Water Fund	Sewer Fund	Total
Total Assets	\$ 9,654,463	\$ 21,014,848	\$ 30,669,311
Current assets	499,864	820,460	1,320,324
Capital assets, net	9,099,000	20,133,705	29,232,705
Non-current assets	55,599	60,683	116,282
Total Liabilities	8,066,838	6,870,653	14,937,491
Current liabilities	434,393	270,757	705,150
Long-term obligations	7,632,445	6,599,896	14,232,341
Total Net Assets	1,587,625	14,144,195	15,731,820
Unrestricted	(5,695,880)	(4,037,922)	(9,733,802)
Invested in capital assets, net	7,283,505	18,182,117	25,465,622
Operating revenues	1,047,526	1,043,589	2,091,115
Operating expenses	948,751	819,852	1,768,603
Depreciation and amortization expense	452,004	803,006	1,255,010
Operating income (loss)	(353,229)	(579,269)	(932,498)
Non-operating revenues (expenses)	(60,089)	(96,867)	(156,956)
Capital contributions and grants	686,638	882,535	1,569,173
Change in net assets	273,320	206,399	479,719
Net assets, beginning of year	1,314,305	13,937,796	15,252,101
Net assets, end of year	1,587,625	14,144,195	15,731,820
Net cash provided by (used in):			
Operating activities	(70,326)	(160,517)	(230,843)
Capital and related financing activities	193,587	414,853	608,440
Investing activities	55	203	258
Cash and cash equivalents, beginning of year	(40,765)	(207,477)	(248,242)
Cash and cash equivalents, end of year	82,551	462,016	544,567

CITY OF BRUNSWICK, MARYLAND
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2010

Finding 10-1 – Internal Controls over Cash Receipts

Condition: We haphazardly selected fifteen deposits from July 2009 to June 2010 to test the effectiveness of controls over the processing of cash receipts.

We noted for fourteen of the fifteen deposits sampled that the file copy of deposit slip and validated deposit slip were not verified by the City Administrator. The current procedures state that the City Administrator will initial the validated deposit slip as evidence that the amount of the deposit agrees to the file copy of the deposit slip.

Criteria: Management is responsible for implementing an effective control environment and ensuring that established controls are followed.

Cause: The internal control procedures were not followed.

Effect: The internal control procedures were not consistently followed.

Recommendation: We recommend that the established internal control policies and procedures be consistently followed.

Response: The City of Brunswick will consistently follow its established internal control policies and procedures. The City Administrator will verify, initialing the validated deposit slip as evidence, that all future validated deposit slips and the corresponding file copies agree.

Finding 10-2 – Bank Reconciliations

Condition: The bank accounts for the first quarter of fiscal year 2010 were not reconciled in a timely manner.

Criteria: Monthly reconciliations should be prepared to determine that all cash transactions have been recorded properly and to discover any errors timely. A benefit of monthly reconciliations is that errors do not accumulate but can be identified and attributed to a particular period, making future reconciliations easier to perform.

Cause: The reconciliations were not performed timely due to increased workload in the first quarter preparing for the year-end audit.

Effect: The bank reconciliations were not performed monthly in the first quarter of FY 2010 and established procedures were not followed.

**CITY OF BRUNSWICK, MARYLAND
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2010**

Recommendation: We recommend that the bank accounts be reconciled monthly and reviewed by someone independent of the person performing the reconciliation. As evidence of review, we recommend that the reconciliation be initialed and dated. In addition, we recommend that all reconciling items be reviewed monthly for propriety.

Response: It is the procedure of the City of Brunswick to perform and review bank account reconciliations in a timely manner, typically by the last day of the month following the period covered by the corresponding bank statements. During the first quarter of fiscal year 2010, some bank account reconciliations were delayed due to work on the audit for fiscal year 2009, as documented on the associated bank reconciliations.

The City of Brunswick will follow its established procedure and perform timely bank account reconciliations. These reconciliations will be completed and reviewed, as evidenced by the date and initials of appropriate staff, within sixty days of the ending date of the period covered by the corresponding bank statements.

Finding 10-3 – Internal Controls over Cash Disbursements

Condition: We noted during our testing, that a check request form was approved without any source documents attached. Without such supporting documentation, it would be difficult to determine whether the amount of the check request is proper.

Criteria: To ensure that payments are proper at the time the check is being approved sufficient documentation should accompany the check request form.

Cause: The supporting documentation was maintained separate from the check request.

Effect: In this instance, the disbursement was supported by a contract and the amount of the check request was consistent with the terms of the contract.

Recommendation: To strengthen internal controls we recommend that all check request forms have the appropriate source documents attached and that no checks be signed without sufficient review of the supporting documentation.

Response: All future check request forms will have appropriate source documents attached. The supporting documentation will be sufficiently reviewed prior to invoice payment approval and no checks will be signed without such documentation.

CITY OF BRUNSWICK, MARYLAND**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL****GENERAL FUND**

		Budget		(Budgetary Basis)	Variance with Final Budget-Positive
For the year ended June 30, 2010		Original	Final	Actual	(Negative)
REVENUES					
Local Property Taxes		\$1,998,637	\$1,998,637	\$2,012,225	\$ 13,588
Local Income Taxes		525,000	463,589	463,589	(0)
Other Local Taxes		30,080	30,080	33,707	3,627
Licenses and Permits		47,700	77,296	76,492	(804)
Intergovernmental Revenues		768,843	558,838	556,249	(2,589)
Service Charges					
Highways and streets		25,000	25,000	23,146	(1,854)
General government charges		30,650	30,650	32,521	1,871
Recreation charges		105,300	112,108	125,585	13,477
Tipping fees - landfill charge		176,600	176,600	176,172	(428)
Total Service Charges		337,550	344,358	357,424	13,067
Fines and Forfeitures		8,400	8,400	6,025	(2,375)
Miscellaneous Revenues		200,224	208,472	220,662	12,190
Total Revenues		\$3,916,434	\$3,689,670	\$3,726,373	\$ 36,703

The accompanying notes are an integral part of this schedule.

CITY OF BRUNSWICK, MARYLAND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FUND

		Budget		(Budgetary	Variance with			
		Original	Final	Basis)	Final Budget-			
For the year ended June 30, 2010				Actual	Positive			
					(Negative)			
EXPENSES								
General Government								
Mayor & Council	\$	80,548	\$	66,480	\$	57,133	\$	9,347
Elections		-		-		44		(44)
Planning, Zoning & Enforcement		150,090		179,891		163,911		15,980
Financial Administration		511,242		499,313		484,538		14,775
Legal		40,000		158,896		158,896		0
Total General Government		781,880		904,580		864,522		40,058
Public Safety								
Police Department		848,249		836,064		788,121		47,943
Fire and Rescue Contributions		20,000		20,000		20,000		-
Total Public Safety		868,249		856,064		808,121		47,943
Public Works								
Highways and Streets		1,024,227		985,621		919,213		66,408
Sanitation and Waste Removal		334,000		324,247		321,143		3,104
Total Public Works		1,358,227		1,309,868		1,240,356		69,512
Recreation and Culture								
Parks		32,600		38,858		24,622		14,236
Swimming Pool		90,321		76,856		78,225		(1,369)
Campground		54,585		54,585		46,289		8,296
Skateboard Park		16,959		16,959		12,703		4,256
Special Events		104,137		92,633		109,048		(16,415)
Total Recreation and Culture		298,602		279,891		270,887		9,004
Economic Development								
Economic Development Commission		5,000		5,000		3,430		1,570
Total Economic Development		5,000		5,000		3,430		1,570

The accompanying notes are an integral part of this schedule.

CITY OF BRUNSWICK, MARYLAND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FUND

For the year ended June 30, 2010	Budget		(Budgetary Basis) Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Other				
Contributions	\$ 19,700	\$ 19,700	\$ 16,388	\$ 3,312
Miscellaneous	-	7,104	9,957	(2,853)
Total Other	<u>19,700</u>	<u>26,804</u>	<u>26,345</u>	<u>459</u>
Debt Service	60,123	74,398	74,471	(73)
Other Financing Sources (Uses)				
Loan proceeds	-	364,275	364,381	106
Transfer to Capital Projects	(524,651)	(597,338)	(597,338)	-
Total Other Financing Sources (Uses)	<u>(524,651)</u>	<u>(233,063)</u>	<u>(232,957)</u>	<u>106</u>
Total expenses and other financing sources	<u>3,916,432</u>	<u>3,689,668</u>	<u>3,521,089</u>	<u>168,579</u>
Net Change in fund balance	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 205,284</u>	<u>\$ 205,282</u>

The accompanying notes are an integral part of this schedule.